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EASTERN COMMERCE: WHAT IS IT WORTH?

BY EDWARD ATKINSON, LL.D.

THE main object of the people of the United States now is to find a market for their surplus product of the field, the factory, the mine and the workshop. That market will be greater or less according to the relative needs of the people of different parts of the world for the products which we have to spare, and according to their ability to buy and pay for them. Their ability to buy what we have to spare will depend upon two factors: first, their own purchasing power, which will depend on their greater or less use of the labor-saving inventions of modern times; second, upon our willingness to accept in payment for our sales equivalent quantities of such goods as each country or State may have to sell. We may buy more from some States than we sell to them; but, if we still obstruct the import of many articles which other nations might supply, especially Eastern and Latin-American States, we thereby limit their power of purchasing from us.

The valuation of our exports in the last fiscal year was \$1,227,203,088. Our largest customers are found among the English-speaking people of the United Kingdom, and of such of her colonies as are mainly occupied by her own people. Therefore, omitting for the present the British dependencies in Asia and Africa, we get the following facts: The people of the United Kingdom of Great Britain and Ireland, numbering in round figures, according to the latest census, forty million persons, bought from us in the last fiscal year food, fibres and fabrics to the value of \$511,816,475, making 41.71 per cent. of our total exports. The people of British North America, Australasia, the British West Indies, Bermuda, British Guiana and Honduras,

numbering in round figures, according to the latest *data*, eleven million five hundred thousand persons, chiefly of English blood, bought our goods to the amount of \$122,129,368; that is, 12.17 per cent. of our total exports. The purchases of the English-speaking people thus amounted to \$633,945,843, or 53.88 per cent. of our total exports.

We purchased from them a far less quantity and value of goods, but we supplied them with the crude or partly manufactured materials, and with the food which enabled them to convert our supplies into manufactured goods and to export finished products to other parts of the world, to which they open the largest market free of duties on crude or partly manufactured products. The British, German and French manufacturers are enabled to displace many classes of our goods which might otherwise be exported by us in the finished form, by their free import of wool, dyestuffs, chemicals and other materials which are necessary in the processes of their domestic manufactures. We have restricted the import of similar materials and have thus increased the cost of our own supply of wool, hides, chemicals and other crude or partly manufactured materials which are necessary in the processes of our own domestic industry by imposing heavy duties upon their import. We thereby increase the cost of many branches of our domestic manufactures, while excluding from our own markets large quantities of goods derived from Asia, Africa, Australasia and South America, which, if entered free, would enable the inhabitants of these continents to purchase of us many of the finished goods they now get from European countries. Our very large export of the manufactures of metal, of wool, of cotton and other fabrics, made almost wholly from crude materials of domestic origin, has proved conclusively that, when our manufacturers who use foreign wool, leather, chemicals, etc., can secure supplies of crude materials, either domestic or foreign, on even terms with their European competitors, they can successfully compete with them in every market in the world, in every branch of finished goods.

Our next largest customers were the people of Germany, probably numbering at the present time about fifty-five millions, whose purchases amounted to \$155,772,279. The next largest customer for her own domestic consumption was France, with a population of forty millions, whose purchases represented \$60,596,899. The

Netherlands and Belgium, with a population of about eleven and one-half millions, imported from us goods to the value of \$123,605,237. But Antwerp and the Dutch ports are mainly distributing points, through which goods pass to the rest of Europe, their duties being few in number and very low in amount, many of the goods passing to any point free of duty.

The remaining European countries, comprising a population of two hundred and forty millions with Russia in Europe added, bought goods to the amount of only \$84,278,238.

The total purchases of Europe and the British English-speaking colonies, on a computed population of somewhat under four hundred millions, amounted, therefore, to \$1,058,198,496.

It appears, accordingly, that, in proportion to their relative ability to purchase and consume, the people of Europe and of the English-speaking colonies of Great Britain—mainly the inhabitants of Great Britain, France, Germany and the Low Countries—bought from us seven-eighths of our total exports in the last fiscal year.

In the same year we sold to the British dependencies in Asia and Africa goods to the amount of \$27,230,071, which will hereafter be treated.

Our next largest customers were to be found in the Latin-American States: South and Central America, Mexico, Cuba, Hayti, Porto Rico and a few other islands aside from the British, containing a population probably approximating sixty-five millions. Their purchases of our goods in the last fiscal year amounted to \$91,952,143. It will be observed that these sixty-five million people, whose purchasing power has been but in small measure developed by the application of science and invention, were able to consume but a trifle more than our kith and kin in the neighboring Dominion of Canada, numbering a little over five millions, whose exchanges with us might be doubled by a removal of the heavy duties which now obstruct our mutual service. As yet we have not reached the commerce of the East; yet we have designated the markets for ninety-four per cent. of our total exports. The British dependencies in Asia and Africa bought a fraction over two per cent. of our total exports, or \$27,230,071 worth.

The figures of our Eastern commerce elsewhere were as follows, and represent only four per cent. of our total exports:

Japan	\$17,264,688
China, not British.....	14,493,440
Russia in Asia.....	1,543,126
All other Asiatic countries.....	2,984,446
Oceanica, omitting the Philippine Islands and British Australasia	9,693,693
Africa, not British.....	3,438,814
Philippine Islands.....	404,171
Total	\$49,822,378

Mark, again, the singular fact that, omitting the Australian contingent of less than five million persons, the people of Asia, Africa and Oceanica—comprising, at least, two-thirds of the population of the globe, about 800,000,000 in number—were able to purchase from us goods and wares at the rate of less than ten cents per head, to the value of only \$77,000,000; that is less by ten million dollars than the purchases of our neighbors in Canada, about five millions in number, with whom, at our own will, we might double our traffic, which is now at the rate of eighteen dollars per head.

Again, the entire traffic with Asia, Africa and Oceanica, aside from the British possessions, was only one-tenth of the demand of our kith and kin in the United Kingdom, numbering only forty millions. Forty million English-speaking people, whose purchasing and consuming power has been developed by science and invention, consumed over five hundred million dollars' worth of the food, fibres and fabrics produced in the United States in a single year; while a population living on the edge of want, undeveloped by modern science and invention, in Asia, Africa and Oceanica, numbering approximately eight hundred million people, were able to buy and consume less than eighty million dollars' worth of American fabrics.

Is it not very plain that if our ports were as free from the obstructions of heavy duties on the crude products of these continents as are London, Antwerp and other European ports, we might diminish the cost of our manufactures which depend in part upon materials of foreign origin, and thus compete successfully with European manufacturers in meeting the increasing demands, especially in South America, where railways, steamships and other modern appliances are being most rapidly extended? If we thus increase our purchases, may we not also of necessity increase our exports? Trade follows the price and consists in an exchange of products, balances only being settled in money.

But now suppose that our present efforts to develop the commerce of the East should be successful, at what rate would it increase? Only in ratio to the increased purchasing power of the people. What have we to expect in the immediate future? China, torn with intestine troubles, more and more subject to foreign domination, may develop a demand for railway material and for a few more cotton fabrics, especially in the northern Province of Manchuria, since the stable Government of Russia has taken control from the unstable Government of China. But where masses of the people are on the edge of starvation all the time, and where we already buy all the tea, raw silk and a few other commodities that China can produce and that we want, what is the measure of the possibility of an increase of traffic?

The same question may be put in regard to India. Indian ports are open to us on the same terms as to all other nations, and India has the benefit of the stable control of the British Government, but the great mass of the people are constantly on the verge of starvation. The wealth of India is in a very few hands and consists mainly of hoards of precious metals and other property of that kind.

If we subjugate the Philippine Islands, what will be the possible increase in their purchasing power? Although we have been the largest buyers of Manila hemp and Philippine sugar for many years, purchasing from four to seven million dollars' worth every year, yet the wants of the people enabled them to buy from us four years ago only one hundred thousand dollars' worth of goods, and last year four hundred thousand dollars' worth, the increase consisting largely in liquors and other supplies chiefly consumed by the American troops.

It may be remarked that the fallacy in regard to the possibility of an immediate and very great increase in our sales to Eastern countries is due to a delusion regarding what used to be called the "wealth of the Indies." The masses of the people of Asia and Africa are the poorest in the world; that is to say, they barely derive from the soil and other sources the means of a very wretched existence. We often hear their low wages quoted. All wages are a reflex of the product of the country. They are and must be very small measured in money when the whole product is very small in ratio to the population. There is, of course, a small class of very wealthy men in Asia in whose hands the

"wealth of the Indies" is concentrated, largely in hoards and in very small measure in reproductive enterprise. This phrase originated in the earlier times of modern commerce, when the exchanges of the world consisted mainly in articles of luxury or of comfort, rather than in articles of necessary use.

It would be interesting to compute, if it were possible, the proportions of the imports of foreign goods into Europe, especially from the East, from 1650 to 1850. They consisted in large measure of tea, coffee, spices, silks, gums, tropical wood, fine pottery, fine metal-work and other articles of like kind; while the exports, although in larger measure of useful goods rather than comforts and luxuries, were of such purchasing power that a very small export of the product of labor sufficed to bring back a very large import in return.

I have had put before me the accounts of the early adventurers to the Northwestern coast in the early days of the trade. A small ship or brig would be loaded in Boston, Salem or New York with red flannel, muskets, gunpowder, beads and a few common tools. These would be broken up on the voyage into parcels, each containing a few yards of flannel, one gun, a certain proportion of powder and bullets and so many beads, altogether of very small cost; but that parcel exchanged for a bale of beaver-skins of very high value. This exchange being completed, the ship or brig would start for China, there exchanging the beaver-skins in about the same proportion for tea, silks and other products of China; thus bringing back an excessive amount of the "wealth of the Indies" for a very small product of the factories and workshops of this country. All these conditions have been changed. The vast proportion of the commerce of the world, especially of this country, consists in the exchange of the necessities of life, of food, fuel and metals, or of the articles of foreign origin which enter into the processes of modern manufacture in each importing country. A few comparative figures will make this plain.

The population of the United Kingdom of Great Britain and Ireland is, in round figures, forty millions. Their imports, less re-exports, are fifty dollars per head; their exports of British merchandise twenty-nine dollars per head. The more they import of the materials which enter into the processes of manufacture, the more they are enabled to export. Without import and export on a very large scale, the present forms of society and

the distribution of wealth and welfare in the United Kingdom could not be maintained.

The computed population of this country for the last fiscal year was seventy-six millions. Our imports were sixteen dollars per head; our exports nine dollars per head. With us, import and export are more a matter of choice than of necessity. But we may not only develop the home consumption of our own products by increasing our commerce; we may also greatly increase that commerce, both import and export, whenever we choose. We might add at least three dollars per head to our imports, or two hundred and twenty-eight million dollars' worth of the products of other countries which may be used in our processes of domestic industry, by removing obstructive duties, and we might add, as a result of that import, four to five dollars per head, or three to four hundred million dollars to our exports every year. All that is necessary to compass this change is the removal of the obstructions which we have by legislation placed in the way both of the import and the export traffic.

If any question should arise about the rate of wages in this and other countries, it will be manifest, from the fact that we last year exported over twelve hundred million dollars' worth of goods, that the rate of wages does not govern the cost of labor. The highest rates of wages to be found anywhere in the world were recovered and distributed among the workmen of this country last year from the sale of this twelve hundred million dollars' worth of products. If the cost of labor were governed by the rate of wages, we could not export a dollar's worth of anything. We are now seeking to increase our exports and to develop our commerce with the East. To that end we are conducting a war in the Philippine Islands at a cost of at least three dollars per head of our population. That is to say, the normal cost of this Government for all purposes, for twenty years prior to the Spanish war, was five dollars per head, tending to diminish with the falling in of pensions and the increase of population. It is now nearly eight dollars per head, and may be more. The difference of three dollars per head comes to over two hundred million dollars a year, all of which must be distributed in the taxes, increasing the cost of production and diminishing our power to compete with other countries. In fact, it would very seriously impair our power of competition with England, France and

Germany, were they not committing greater folly than ourselves by increasing their destructive military expenditures even in greater measure than we are.

Is there not something grotesquely absurd in the commercial support which is given to this Philippine war? It will not in any measure help to increase our commerce with Japan, with British India, with Borneo or Sumatra. The only argument in its favor consists in its advocates holding up a brilliant expectation of the development of commerce with the Philippine Islands, where white men cannot live and work, and as a stepping-stone to getting a larger share of the commerce with China. Our commerce with the Province of Manchuria has already increased very greatly since Russia obtained a sphere of influence. Our commerce with every part of China that comes under British influence must greatly increase, so far as her supervision gives stability and maintains order. Any expenditure of our own for warlike purposes only diminishes our power to sell more goods and to buy more in return from the Philippine Islands and from China. Our exports for the last fiscal year to both amounted to fifteen million dollars' worth outside the British possessions, on which it may be assumed that there was a profit of ten per cent.—call it twenty. Admit that some merchants in this country made a profit of a million and a half to three million dollars in the export of fifteen million dollars' worth of goods in this branch of Eastern trade, China outside British possessions and the Philippines, which the advocates of military expansion and control hold up as a magnificent example of the possibility of expansion. It cost the taxpayers two hundred million dollars to get whatever increase of traffic has been or may be secured by this method. Could anything be more foolish?

There is another aspect of the case. Since the beginning of the war with Spain we have spent about five hundred million dollars in excess of what we should have spent except for the war; half of which may be charged to the liberation of Cuba, the other half to the effort to extend commerce by military aggression. We shall spend about as much more next year. The contest in the Philippines will cost the taxpayers of this country from four to five hundred million dollars, even if it is stopped within the next year. What could we have done with five hundred million dollars in order to promote commerce, had such an expenditure by the

central Government been warranted for constructive purposes at the cost of the taxpayers?

(1.) We could either have finished the Panama Canal, or we could have constructed the Nicaragua Canal at the highest estimate of its cost.

(2.) We could have developed every river and harbor of this country up to its maximum capacity, and we might have added cross-cut canals to bring Philadelphia and Baltimore closer to the sea, a short canal on Cape Cod, and other enterprises of the like kind. Which expenditure would best promote commerce, the destructive expenditure of military aggression or the constructive expenditure in developing the ways of trade and commerce?

(3.) If it were right and suitable to spend great sums of money for the special development of particular parts of the country at the cost of the taxpayers, a single hundred million dollars, or six months of our present waste on the warfare that we are conducting, would probably suffice to irrigate the entire arid lands of the middle section of our country.

(4.) The central mountain section of the eastern part of the country, eastern Kentucky and Tennessee, western North and South Carolina, northern Georgia and Alabama—an area nearly as large as France, twice as large as Great Britain, containing mineral and timber equal to both combined, and a potential in agriculture equal to either—has hardly been entered upon in the progress of development. There is more individual wealth and more common welfare waiting for brains and industry combined, either in the development of the arid lands or in the development of this middle section of the Southland, than could be gained by commerce with the East in half a century, even if we were not wasting annually in the effort to gain commerce by aggressive warfare more than the whole commerce can be worth if it were all profit in the next twenty years.

Another almost ludicrous block to the Administration policy has appeared in this matter. The Chinaman is representative of the only race which maintains habits of industry, economy and honesty in the tropics. Skilful according to their methods, and earnest in their efforts, they are doing a vital and essential part of the work of preparing crops for export from the Philippine Islands. They number there about one hundred thousand; yet, under the existing prejudice against Chinese labor in this country,

the Administration has been obliged to prohibit the further entry of the Chinese into the Philippine Islands. Thus, while excluding the Chinese from one of the few places open to them for relief from their excess of population, the advocates of expansion are at the same time pretending that the Philippine Islands will be a great stepping-stone toward our traffic with China. Could the force of folly go any further ?

I would by no means undervalue the development of Eastern commerce. It is of importance even at its present measure. We are but witnessing the beginning of the process of development of Asia, Africa and South America by the railway and steamship. With that development, commerce will increase by leaps and bounds, provided it is not interrupted by war and by criminal aggression. If we only stand and wait, that commerce is at our feet. It must come to us in very large measure, because we hold the paramount control of the iron and steel products and manufactures of the world, and these give us the control of shipping and commerce whenever we choose to free the natural course of trade from obstructive taxes and repeal our obsolete navigation laws, which only keep our flag from the sea. Every step that we take in criminal aggression, or in warfare of any kind, for the control of commerce only adds to our burden, destroys the power of those with whom we would trade to buy our goods, while working a possible profit to the few promoters and contractors who desire to get the first plunder out of ignorant people in the construction of their railways, but at the cost of the mass of the taxpayers of this country.

"A fool and his money are soon parted." The typical Uncle Sam is held in international repute to be rather shrewd and to comprehend his own interest, and yet he is now a most conspicuous example of that aphorism. How other nations must laugh in their sleeves while witnessing what a fool Uncle Sam is making of himself at the present time, in the matter of military aggression under the pretext of expansion of commerce. Uncle Sam may be fooled for a short time by specious and delusive arguments based on pretexts of piety, profits and patriotism. He cannot be long misled by false pretenses, and he will presently take measures to expose them and to stop the course of criminal aggression.

EDWARD ATKINSON.